

**Report on Adequacy and Compliance of  
Revised Disclosure Statement,  
Effective December 30, 2000**

**September 2001**

**Reference Number: 2001-1C-153**

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



INSPECTOR GENERAL  
for TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

September 20, 2001

MEMORANDUM FOR DAVID A. GRANT  
DIRECTOR OF PROCUREMENT  
INTERNAL REVENUE SERVICE

A handwritten signature in cursive script, reading "Pamela J. Gardiner".

FROM: Pamela J. Gardiner  
Deputy Inspector General for Audit

SUBJECT: Report on Adequacy and Compliance of Revised Disclosure  
Statement, Effective December 30, 2000

In response to your request, the Defense Contract Audit Agency (DCAA) examined the contractor's Systems & Information Technology Group (S&ITG) Shared Services' revised disclosure statement. The purpose of the examination was to determine whether the S&ITG Shared Services' revised disclosure statement adequately describes the cost accounting practices which the contractor proposes to use in performing government contracts, and whether the revised practices comply with applicable Cost Accounting Standards (CAS). In addition, the DCAA evaluated the consistency of the revised cost accounting practices with actual practices.

The DCAA considered that the contractor's accounting system, and the related internal control policies and procedures, are generally adequate for the accumulation and reporting of costs under government contracts. However, the DCAA qualified its opinion because the labor accounting system relating to the S&ITG Time and Attendance Reporting System, and reported CAS, are non-compliant. See page 9 of the DCAA audit report for additional information.

The information in this report should not be used for purposes other than that intended without prior consultation with the Treasury Inspector General for Tax Administration regarding its applicability.

If you have any questions, please contact me at (202) 622-6510 or John R. Wright, Acting Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 927-7077.

Attachment

# NOTICE:

The Office of Inspector General for Tax Administration has no objection to the release of this report, at the discretion of the contracting officer, to duly authorized representatives of the contractor.

The contractor information contained in this report is proprietary information. The restrictions of 18 USC 1905 must be followed in releasing any information to the public.

This report may not be released without the approval of this office, except to an agency requesting the report for use in negotiating or administering a contract with the contractor.

*The TIGTA seal was removed due to its size.*